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Message Text

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51
ACTION COME-00

INFO OCT-01 EA-11 NEA-14 ISO-00 AGR-20 SWF-02 AID-20

CIAE-00 EB-11 FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 SP-03 CIEP-03 LAB-06 SIL-01 OMB-01

EUR-25 L-03 H-03 PA-04 PRS-01 USIA-15 IGA-02 SS-20

NSC-07 DRC-01 /208 W
---------- 119646
R 121338Z SEP 74
FM AMEMBASSY NEW DELHI
TO AMEMBASSY RANGOON
INFO SECSTATE WASHDC 3062
AMEMBASSY JAKARTA
AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

UNCLAS NEW DELHI 12186

E.O. 11652: N/A
TAGS: BEXP, BM, IN
SUBJ: INDIAN FERTILIZER INDUSTRY DEVELOPMENT AND ORGANIZATION
OF IFFCO

REF: RANGOON 2550

1. CURRENTLY, THERE ARE 57 OPERATING FERTILIZER PLANTS IN INDIA
WITH A COMBINED INSTALLED CAPACITY OF 2.53 MILLION METRIC TONS
ANNUALLY
(1.95 MILLION TONS N AND 0.58 MILLION TONS P2O5). OF THESE UNITS,
21 ARE IN THE PUBLIC SECTOR AND 36 ARE PRIVATE SECTOR ENTERPRISES.
ALTHOUGH HEAVILY WEIGHTED IN FAVOR OF THE NITROGENOUS FERTILIZERS,
THE INDUSTRY'S CAPABCLITIES EXTEND ALSO TO SINGLE AND TRIPLE
SUPERPHOSPHATES, DICALCIUM PHOSPHATE, AMMONIUM AND DIAMMONIUM
PHOSPHATES, NITROPHOSPHATE, UREA AMMONIUM PHOSPHATE AND NPK
COMPLEX FERTILIZERS.
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2. BY THE END OF 1980, THE GOI PLANS TO HAVE ANDSTREAM A TOTAL INSTALLED PRODUCTION CAPCITY OF 6.67 MILLION METRIC TONS N AND 2.23 MILLION TONS P2O5, INCLUDING PUBLIC SECTOR CONTRIBUTION OF 4.02 MILLION TONS N AND 1.32 MILION TONS P2O5, A PRIVATE SECTOR CAPACITY OF 2.15 MILLION TONS N AND O.68 MILLION TONS P2O5, AND A PUBLIC/PRIVATE ("COOPERATIVE") SECTOR CAPACITY OF 0.50 MILLION TONS N AND 0.23 MILLION TONS P2O5. TWO ORGA-NIZATIONS ONLY ARE PLANNED FOR THE COOPERATIVE SECTOR-- MAHARASHTRA COOPERATIVE FERTILIZERS AND CHEMICALS LTD., AND INDIAN FARMERS FERTILIZER COOPERATIVE LTD. AS IN THE PAST, FOREIGN EQUIPMENT, EXPERTISE AND FINANCING WILL BE ACCEPTED AS AND WHEN REQUIRED, BUT FOREIGN EQUITY SHARE COLLABORATION MAY BE EXPECTED TO BE HELD TO A MINIMUM.

3. AT THE PRESENT TIME, FOREIGN EQUITY SHARE COLLABORATIONS EXIST IN ONLY ONE PUBLIC SECTOR FERTILIZER PLANT (MADRAS FERTI-LIZERS LIMITED: GOI AND ITS NOMINEES 51 PERCENT, AMOCO INDIA, INC., 24.5 PERCENT AND NATIONAL IRANIAN OIL COMPANY 24.5 PERCENT AND THREE PRIVATE SECTOR UNITS (COROMANDEL FERTILIZERS LIMITED: CHEVRON CHEMICAL 24.91 PERCENT, INTERNATIONAL MINERALS AND CHEMICAL 22.09 PERCENT, E.I.D. PARRY LIMITED 7.48 PERCENT AND OTHER INDIAN SHAREHOLDERS 45.52 PERCENT; INDIAN EXPLOSIVES LTD., FERTILIZER DIVISION: PRESIDENT OF INDIA 12.75 PERCENT, IMPERIAL CHEMICAL 51.02 PERCENT, INTERNATIONAL FINANCE CORPORATION OF WASHINGTON 8.95 PERCENT AND OTHERS 27.28 PERCENT; AND ZUARI AORO CHEMICALS LIMITED: U.S. STEEL CORPORATION 36.21 PERCENT, INTERNATIONAL FINANCE CORPORATION 19.25 PERCENT, BIRLA COMPANIES 14.36 PERCENT, BANK OF AMERICA 6.04 PERCENT, ARMOUR AND COMPANY 1.81 PERCENT, FIRST CHICAGO INTERNATIONAL FINANCE CORPORATION 1.51 PERCENT, AND THE INDIAN PUBLIC 20.82 PERCENT).

4. INDIAN FARMERS FERTILIZER COOPERATIVE LTD. (IFFCO), A COOPERATIVE SECTOR EFFORT, WILL OPERATE TWO PLANTS INITIALLY AT KALOL (AMMONIA AND UREA) AND KANDLA (NPK) IN GUJARAT STATE. A THIRD PLANT WITH AN ANNUAL CAPACITY OF 228,000 METRIC TONS N AND 98,000 METRIC TONS P2O5 TO BE LOCATED AT PHULPUR, UTTAR PRADESH, IS CURRENTLY UNDER DEVELOPMENT (ADDITONAL DETAILS ARE NOT YET AVAILABLE).

5. KALOL IS CURRENTLY SCHEDULED TO GO ON STREAM LATE IN 1974
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AND KANDLA IN 1975. EQUITY SHAREHOLDERS ARE INDIAN COOPERATIVES (33.3 PERCENT) AND THE GOVERNMENT OF INDIA (666.7 PERCENT). THE COMBINED PLANT CAPACITIES AND THEIR END PRODUCTS WILL BE: N-248,000 MT; P2O5-130,000 MT, K2O-66,000 MT ANNUALLY. RAW MATERIALS SOURCES WILL INCLUDE NATURAL GAS (REFORMER FEEDSTOCK), NAPHTHA (AS REFORMER FUEL,) FUEL OIL, PHOSPHORIC ACID AND POTASH. FUNDING OF THE OVERALL PROJECT INCLUDES RS. 65 CRORES (DOLS 86.7 MILLION) FROM EQUITY AND FINANCIAL

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INSTITUTIONS, A DOLS21.0 MILLION USAID LOAN, STERLING CREDIT IN THE AMOUNT OF POUNDS 7.0 MILLION AND A DUTCH LOAN EQUIVALENT TO DOLS0.92 MILLION. ENGINEERING CONTRACTORS ARE HUMPHREYS AND GLASGOW, LTD., LONDON (UREA AND OFFSITES), DORR-OLIVER (INDIA), LTD. (NPK PLANT) M.W. KELLOGG AND COMPANY OF THE US (AMMONIA PLANT). COOPERATIVE FERTILIZERS INTERNATIONAL (CFI) PARTICIPATES IN IFFCO AS A GRANTEE ONLY. CFI'S GRANT OF DOLL 1.0 MILLION TO IFFCO IS INTENDED TO ASSURE AMERICAN TECHNICAL ASSISTANCE AND SUPERVISORY SERVICES DURING THE CONSTRUCTION AND EARLY OPERATIONAL PHASES OF EACH OF THE TWO PLANTS.

6. SHOULD AMEMBASSY RANGOON DESIRE ADDITIONAL DATA RELATIVE TO PARAS. 1 THROUGH 5, ABOVE, ADVISE.MOYNIHAN

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